



# Disruption Fund Alpha

## Capturing the full innovation cycle

March  
2024

Disruption Fund Alpha is a feeder fund of Disruption Fund Master.

Disruption Fund Master is a **multi-cap fund** investing in global equities focusing on **high growth disruptive** businesses in technology, healthcare, energy, mobility and consumer sectors. The fund promotes ESG characteristics as defined by the SFDR Article 8.

Its **unique VC-derived** approach identifies disruption themes early, with a focus on tipping points in adoption and growth acceleration.

Disruption Fund Master is actively managed with a priority for speed and nimbleness, and mindful of volatility. The fund targets a **20% compound return, long-only, unlevered, with a five-year horizon.**

### COMMENTS FROM THE PORTFOLIO MANAGER

Software is eating the world, but hardware is making all the money. Digitization has been going on for decades, and the fastest growing suppliers to the 20-year cloud buildout have been software companies. Yet today, in these early days of the AI revolution, spending is dominated by the physical layer. While we entered 2024 thinking AI workloads would lift the entire cloud, it is increasingly evident that the deployment of AI first requires entirely new data centers, prompting a hardware capex cycle that continues to astound even us. In their April 2nd update, Goldman economists predict an additional \$250b in data center hardware spending over the next 18 months alone.

Just as the internet of 2000 required massive telecom equipment outlays, and in the 2010s the mobile revolution made smartphones the dominant computers, so too the AI revolution requires a massive data center capex cycle to accommodate Nvidia's vision for "accelerated computing" paradigm. AI is at the intersection of computing, data, and increasingly, energy. In 1Q24, the business of selling computing power dwarfed that of processing data. Nearly all our performance year-to-date has come from Semiconductors and Hardware, while our holdings in Software have lagged and hurt us. It's all about chips, GPUs of course, but ASICs as well, servers, liquid cooling, memory, electricity, cables. We hold 30% in Semiconductors, but our names have evolved this month, with a higher conviction in Nvidia's moat epitomized by Blackwell; Broadcom now replaces AMD entirely as proprietary ASICs represent the preferred plan B for hyperscaler GPUs; meanwhile both Micron and ASML rose to the top of the portfolio through performance alone. The Cloud rally of 4Q23 has stalled, but AI runs on data, and our software convictions run high. So, while we replaced Palo Alto with Cloudflare and sold Adobe, we choose to be patient with MongoDB, Datadog, CrowdStrike, ServiceNow, Elastic and Palantir. Our combined Infrastructure and Application Software holdings add up to 34%.

Cleantech remains the wildcard for the rest of the year. While neither crypto nor EVs managed to break the electricity grid, there is growing evidence that AI data centers very well could. A Gemini-enhanced Google Search is said to be 10x more energy intensive than regular search; ChatGPT is said to consume anywhere between 500mw/h to 1gw/h, depending on time of day. While data centers consume 2% of the US energy grid today, BCG Consulting suggests they could reach 7%+ by 2030. In other terms, AI needs 390TWh of new power, the equivalent of the entire French nuclear grid, within 5 years. On March 7th, Amazon secured a 10-year nuclear energy supply agreement with Talen Energy; Microsoft is funding Sam Altman's nuclear fusion start-up Helion Energy. While we don't expect Cleantech stocks to perform strongly until interest rates truly come down, we are rebuilding our Cleantech portfolio around data center needs.

Our performance this month was underwhelming, *Disruption Fund Alpha* was down -1.67%; for 1Q24 it was up +10.6%. Outperformance for March was driven by a mix of Semis and Fintech, with Micron, Nvidia, Super Micro, Adyen and Global-e Online; for Q1 the drivers were all Semis, unsurprisingly, with Nvidia, ARM, AMD, ASML and Micron. Our lunar landing with Intuitive Machines also contributed 195bp to 1Q24. On the negative side, we suffered a last day of the quarter profit warning by SOITEC, costing us -152bp YTD, in a classic case of great technology and terrible management. For both the month and the quarter, however, weakness was all in Software, with MongoDB, Elastic, Snowflake and Adobe the bigger culprits.

Our macro outlook remains well grounded in a Goldilocks scenario, with the assumption that US and European inflation will settle higher than the 2% Fed and ECB targets, but low enough to prompt 100bp in rate cuts over the next 12 months. This inflation outlook is a wildcard however, as only lower rates can bring liquidity to small caps, open the IPO markets, and irrigate the start-up markets. Our own allocations remain skewed to larger caps, and we enter Q2 with 31% in Semis and SemiCap, 34% in Software, approx. 10% each in Fintech, eCommerce and Biopharma, and 4% in Cleantech.

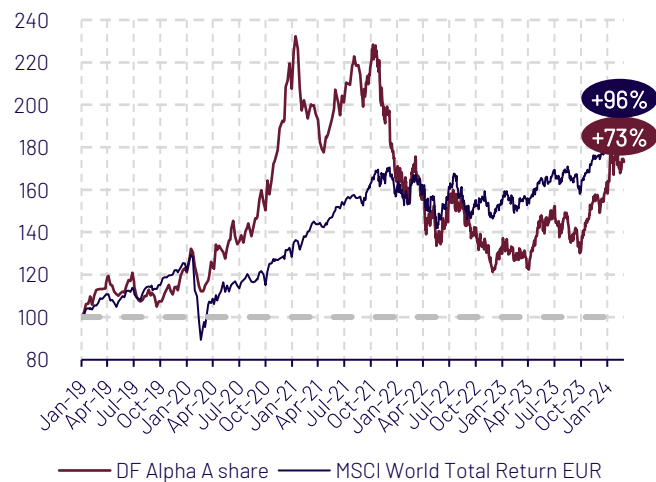
Data as of March 28th, 2024.

Performance data shown represents past performance and is no guarantee of, and not necessarily indicative of, future results. Performance target is based on market assumptions taken by the fund management company and under no circumstances constitute a promise of return or performance. The risks, fees and recommended investment period for Disruption Fund Alpha are detailed in the KIDs (key information documents) and prospectus available on [www.quadrillecapital.com](http://www.quadrillecapital.com). The KID must be made available to the investor prior to subscription.

### PERFORMANCE

	Since Inception*	YTD	Month March
Disruption Fund Alpha (A)	+73.0%	+10.6%	(1.67%)
MSCI World TR EUR	+96.0%	+11.3%	+3.39%

### Disruption Fund Alpha\*\* performance since January 31st, 2019\*



### TOP 20 HOLDINGS OF DFM\*\*\*

NVIDIA Corp	6.36%	Global-e Online Ltd	3.41%
Broadcom Inc	6.22%	Amazon.com Inc	3.39%
ASML Holding NV	4.52%	MongoDB Inc	3.37%
Micron Technology Inc	4.43%	Datadog Inc	3.34%
Wise plc	4.21%	Palantir Technologies Inc	3.24%
Novo Nordisk A/S	4.19%	Eli Lilly & Co	3.23%
Adyen NV	3.98%	Airbnb Inc	3.19%
CrowdStrike Holdings Inc	3.76%	Alphabet Inc	3.19%
ASM International NV	3.59%	Cloudflare Inc	3.07%
ServiceNow Inc	3.58%	Oracle Corp	2.95%

\*Disruption Fund Alpha performance since January 31st, 2019 (starting date of new investment strategy).

\*\*Disruption Fund Alpha FCP became a feeder fund of Disruption Fund Master on July 31st, 2022.

\*\*\*As % of NAV of Disruption Fund Master.



## FUND CHARACTERISTICS

### About the fund

Headquarters	Paris
Fund manager	Quadrille Capital SAS
Legal structure	FCP UCITS - Feeder
SFDR Classification	Art. 8

### Practical Information

Currency	EUR
ISIN code - B share	FR0012770162
Ref. index	MSCI World Total Return EUR
Valuation frequency	Daily
Cut off time	9am (D-1 valuation day)

### Investor Information

Recommended investment period	5 years
Minimum investment	€100,000

## PORTFOLIO MANAGER



Jean-Edwin Rhea

- 20-year experience of equity capital markets in tech and healthcare
- MBA from HEC Paris and Columbia University and BA in Anthropology from Princeton University

## FEES AND EXPENSES - B SHARE

Max. subscription/redemption fees	3.2%
Management fees	1.5%
Performance fees	15%*

\*above reference index

## RISK AND REWARD PROFILE

Lower risk Higher risk  
Typically lower rewards Typically higher rewards

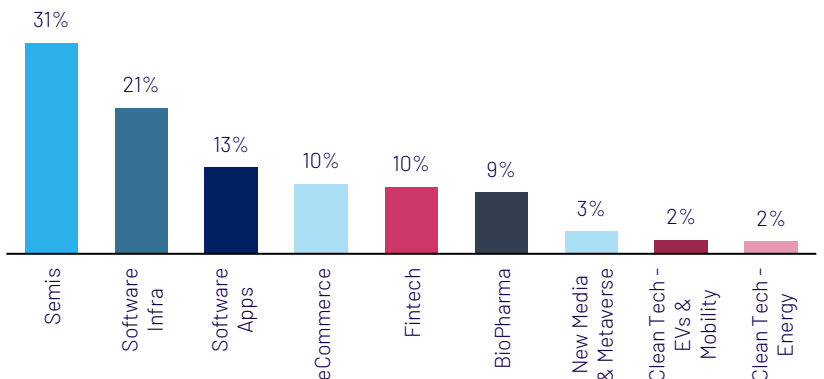


The Fund is ranked 5 on the synthetic risk indicator scale, which is based on the Fund's allocation to equity markets. The risk category shown is not guaranteed and may shift over time.

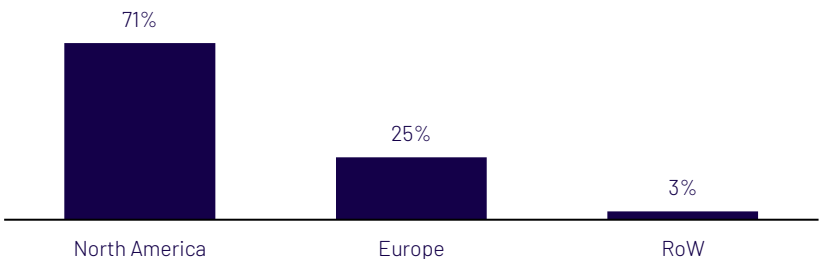
## ASSET ALLOCATION\*



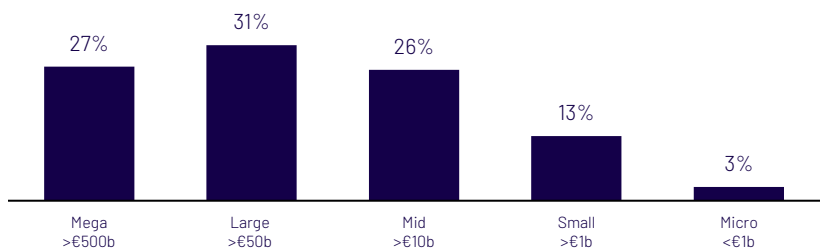
## SECTOR ALLOCATION\*\*



## GEOGRAPHIC ALLOCATION\*\*



## CAPITALISATION ALLOCATION\*\*



## RISK MEASURES

Period: 31/01/2019 - 28/03/2024

Sharpe Ratio	0.46
Max Drawdown	(47.8%)
Annualized Volatility	23.4%

\*As % of NAV of Disruption Fund Master.

\*\*As % of equity holdings of Disruption Fund Master.

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## ESG CHARACTERISTICS

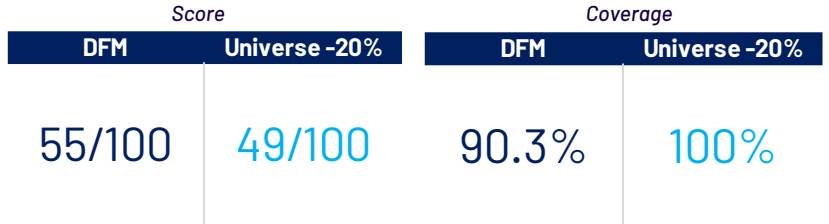
### About the fund

SFDR Classification	Art. 8
ISR Label	No
Impact strategy	No
Principle Adverse Impact Indicators (PAI)	No
Taxonomy Alignment	0%
Exclusion policy	Yes
Vote policy	Yes
Constrained universe	Yes

### Fund's ESG Strategy

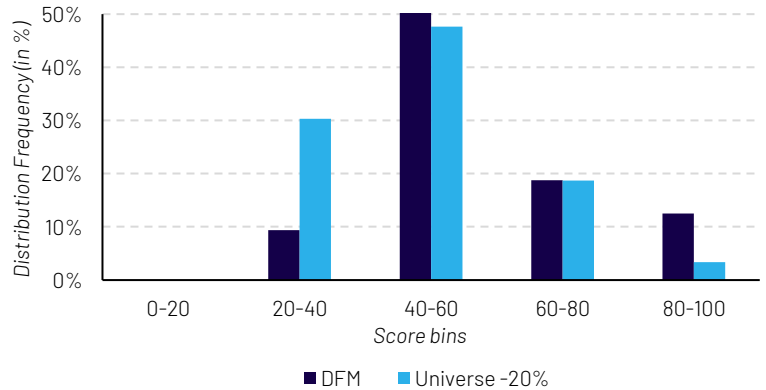
The fund seeks to select issuers that combines growth potential, profitability and ESG characteristics. A methodology has been developed to capture ESG opportunities and manage related risks: it systematically integrates sustainability criterias in its investment approach through a proprietary ESG analysis matrix to ensure the fund only invests in companies whose solutions are addressing sustainability standards and goals. Finally, the fund exercises active ownership through sustainability-based voting and engagement.

## ESG SCORE AND COVERAGE\*



Note: DFM's score is calculated using a weighted average. Coverage of DFM only includes issuers with a score as a % of DFM's NAV. The fund's objective is to consistently keep its score above the universe score.

## ESG SCORE FREQUENCY DISTRIBUTION\*



Note: The score frequency distribution calculated above compares frequency of score ranges (bins). The fund aims to keep (best effort basis) a negatively skewed distribution relative to the constrained universe.

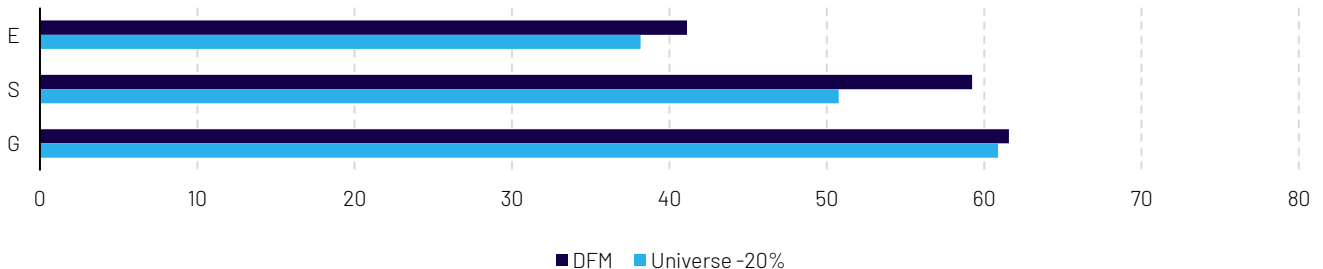
## TOP 5 ESG SCORES\*

Company Name	Score	% of NAV
ASML Holding NV	82	4.52%
Joby Aviation Inc	81	1.26%
NVIDIA Corp	81	6.36%
salesforce.com Inc	73	2.12%
Duolingo	70	1.55%

## BOTTOM 5 ESG SCORES\*

Company Name	Score	% of NAV
Micron Technology Inc	31	4.43%
Palantir Technologies Inc	33	3.24%
Datadog Inc	40	3.34%
Alphabet Inc	40	3.19%
Broadcom inc	41	6.22%

## ESG AVERAGE SCORE PER PILLAR\*



\*The Quadrille Capital's rating scale ranks issuers from 0 to 100, with 0 being the worst issuers and 100 the best. "Universe -20%" corresponds to a constrained universe excluding 20% of the worse ESG scores. ESG data illustrated above relates to the Disruption Fund Master fund ("DFM") holdings. The ESG methodology is detailed in the fund's prospectus and on Quadrille Capital's website (<https://www.quadrillecapital.com/our-impact>). Source: Sustainalytics.

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